

# **THE STATE OF CALIFORNIA 1915(b) PROGRAM**

Project Name:	Health Plan of San Mateo (HPSM) (CA08.R05)
Initial Proposal Approval:	November 30, 1987
Latest Renewal Submission:	March 11, 2002
Latest Renewal Approval:	August 27, 2002
Latest Renewal Expiration:	August 26, 2004

## **PROGRAM SUMMARY:**

The State of California submitted a proposal under Section 1915(b) of the Social Security Act (the Act) authority to allow under the County Organized Health System (COHS) model, a local agency with representation from providers, beneficiaries, local county government, and other interested parties, to contract with the Medi-Cal program. Operating under federal Medicaid freedom of choice and other waivers, the COHS administers a capitated, comprehensive, case managed health care delivery system.

In 1986, a California statute (W&I Code, Section 14087.51) was enacted authorizing the San Mateo County Board of Supervisors to create the San Mateo Health Commission for the purposes of contracting on a risk basis with the State to arrange and pay for Medi-Cal health care services to be provided to Medi-Cal beneficiaries who are residents of San Mateo County. The San Mateo Health Commission is the governing agency for HPSM and is the prime contractor under the program.

The Medi-Cal waiver program contract was negotiated by HPSM and the California Medical Assistance Commission (CMAC), with the Department of Health Services (DHS) retaining the responsibility for entering into the contract.

HPSM operates only in San Mateo County. HPSM arranges and pays for health care services but does not directly provide them. HPSM contracts with health care providers in San Mateo County and in other counties for the provision of services to Medi-Cal beneficiaries. Through local administration, HPSM has been successful in maintaining provider participation in the Medi-Cal (Medicaid) program and assuring the delivery of Medi-Cal services to over 40,000 Medi-Cal beneficiaries each month. This population include all residents of San Mateo County certified as eligible to receive Medi-Cal benefits.

## **HEALTH CARE DELIVERY:**

HPSM is designed to operate with a primary care network as its dominant feature. Beneficiaries are given a wide choice of managed care providers to choose from. HPSM works with all interested health care providers in San Mateo County, who are enrolled by DHS and eligible to provide Medi-Cal services. Primary care providers (PCPs) who wish to receive reimbursement for services rendered to Medi-Cal beneficiaries who are residents of San Mateo County must contract with HPSM either individually or as a group. Formal groups of PCPs and specialty physicians may choose to contract with HPSM as a single entity.

The formalized contractual relationships existing between HPSM and its providers and between HPSM and the State have afforded the State the capability to review the quality of care and beneficiary access to care, more extensively and thoroughly than was ever feasible within the fee-for-service (FFS) system.

#### **BENEFIT PACKAGE:**

Under the terms of this waiver request, HPSM is “at risk” for the provision of and payment for all covered Medi-Cal health care services which are not specifically excluded under its contract with the State. Contractually excluded services which are Medi-Cal benefits are available to HPSM enrollees through the regular Medi-Cal FFS. For those excluded services and programs which are run by the County or provided through the State FFS system, HPSM will coordinate to assure appropriate assessment and referrals are provided as necessary.

#### **EXCLUDED SERVICES:**

California Children’s Services (CCS) case management

Dental (HPSM is responsible for all covered services necessary to support dental services provided to members)

Mental Health

#### **LOCK-IN PROVISION:**

Not applicable

#### **ENROLLMENT BROKER:**

Beneficiaries are automatically covered by HPSM when they are determined to be eligible for Medi-Cal benefits in San Mateo County, and coverage is discontinued only when an individual is no longer a resident of San Mateo County, or is no longer Medi-Cal eligible.

#### **COST EFFECTIVENESS/FINANCIAL INFORMATION:**

California has demonstrated a savings of \$9.38 million for the waiver period April 2000 to March 2001 and \$1.87 million for the waiver period April 2001 to March 2002. The State demonstrated cost-effectiveness in the following manner: The State’s actual fee-for-service (FFS) paid claims under the waiver, which were paid based on population, inflation/utilization, pricing, programmatic/policy changes, administrative costs and carved-out services, were totaled to document costs under the waiver. Those same FFS paid claims were then repriced using the payment rates that would have been in effect if the waiver was not implemented in order to determine what costs would have been without the waiver. To determine savings, total costs under the waiver were compared to total costs that would have been incurred in the absence of the waiver. California expects a result of about \$13.19 million in total savings for the 2-year waiver renewal period of the HPSM program.